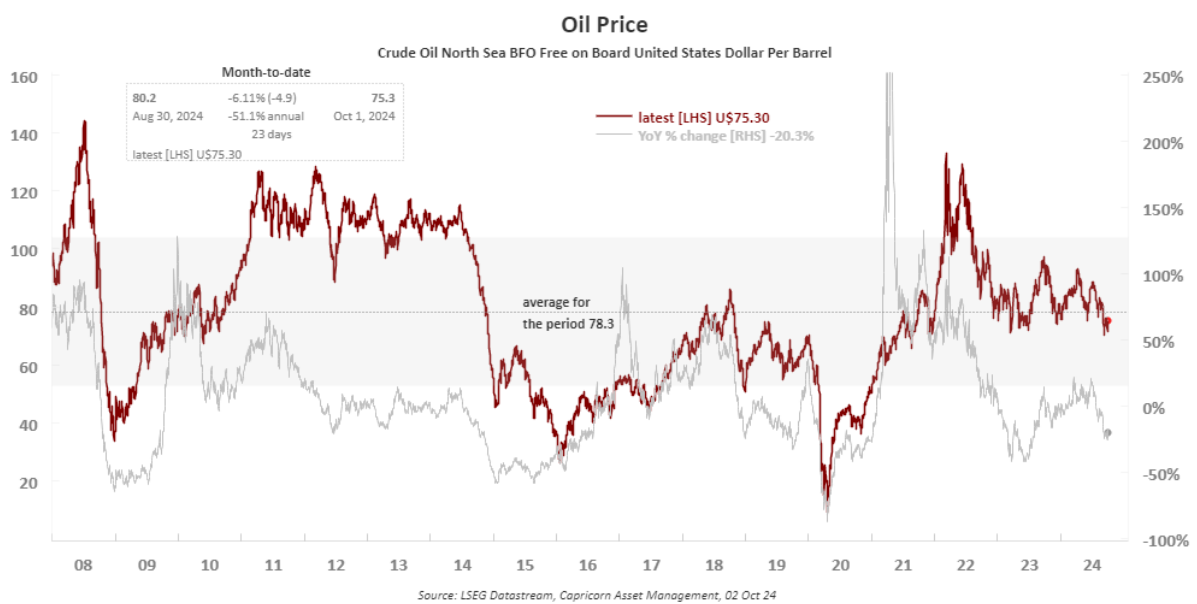




Market Update

Wednesday, 02 Oct 2024



Global Markets

MSCI's global equities index fell with Treasury yields on Tuesday as investors shied away from riskier assets while oil futures rallied on concerns about supply after Iran launched missiles at Israel. However, Wall Street stocks ended above their session lows and Treasuries yields also pared declines on hopes that further escalation of the Middle East conflict was not imminent.

Earlier on Tuesday, Iran fired a salvo of ballistic missiles at Israel in retaliation for Israel's campaign against Tehran's Hezbollah ally in Lebanon. The United States condemned Iran's move and said it was consulting with Israel on a response after U.S. military forces helped Israel defeat the attack.

The U.S. dollar index rose and gold, traditionally a safe haven, rose during the session to more than 1% as investors looked for less risky places to put their money. Oil prices rallied as the escalating violence raised concerns about supply.

On top of geopolitical worries, U.S. investors worried about the aftermath of Hurricane Helene and the halt of about half of U.S. ocean shipping due to a strike by dockworkers on the East and Gulf Coasts after a midnight deadline passed with no sign of a new contract deal with port owners.

And adding extra pressure to equities, the S&P 500 and the Dow had ended Monday's session with record closing highs.

"Markets were priced for perfection. Then overnight we got a few extra wrinkles in the mix. The port strike is one. The hit east coast infrastructure took from the aftermath of hurricane Helene is another," said Carol Schleif, Chief Investment Officer at BMO family office in Minneapolis. "Then you throw in the third factor of Iran firing missiles at Israel," said Schleif, noting that the attacks added to gains in the dollar and created demand for Treasuries. "Investors have been holding their breath hoping it wouldn't escalate."

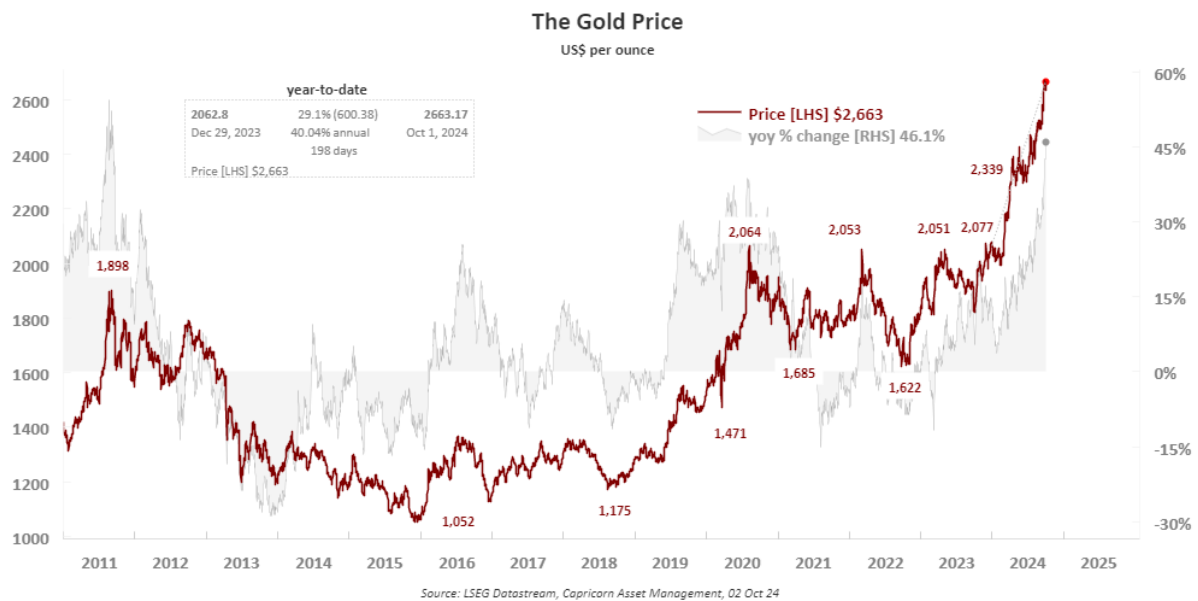
Oil prices settled higher though below their highs of the day. Clay Seigle, an independent political risk strategist, said that an Israeli attack on Iranian oil production or export facilities could cause a material disruption, potentially more than a million barrels per day. U.S. crude settle up 2.44% at \$69.83 per barrel and Brent settled at \$73.56 per barrel, up 2.59% on the day. Earlier in the day, both crude benchmarks rose more than 5%.

On Wall Street the Dow Jones Industrial Average fell 173.18 points, or 0.41%, to 42,156.97, the S&P 500 fell 53.73 points, or 0.93%, to 5,708.75 and the Nasdaq Composite fell 278.81 points, or 1.53%, to 17,910.36. MSCI's gauge of stocks across the globe fell 6.09 points, or 0.71%, to 845.69. Earlier, Europe's STOXX 600 index ended the day down 0.38%. CBOE's market volatility index, Wall Street's fear gauge, .VIX rose to 19.25 - its highest closing level since Sept. 9.

In foreign exchange markets, the Japanese yen and Swiss franc, seen as safe haven currencies, had both gained ground as earlier reports pre-empted the attacks from Iran. The dollar was also helped by data showing resilient a U.S. labour market on Tuesday and a push back from Federal Reserve Chair Jerome Powell on Monday against bets on bigger interest rate cuts. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.45% to 101.20. The euro was down 0.58% at \$1.1069 and against the Japanese yen, the dollar weakened 0.08% to 143.51.

As investors looked to the safety of U.S. Treasuries, the yield on benchmark U.S. 10-year notes fell 6.3 basis points to 3.739%, from 3.802% late on Monday. The 2-year note yield, which typically moves in step with interest rate expectations, fell 4.3 basis points to 3.6084%, from 3.651% late on Monday. Referring to the Iran/Israel conflict, Jim Barnes, director of fixed income at Bryn Mawr Trust in Berwyn, Pennsylvania, said: "We'll just wait and see and hopefully this pause will hold and then the market will change their attention now back to some of the morning data, which obviously has more and longer-term implications for yields." Precious metals, also seen as a safe haven asset in uncertain times, were in demand on Tuesday. Spot gold rose 0.91% to \$2,658.39 an ounce. U.S. gold futures rose 0.95% to \$2,661.10 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand weakened against a stronger dollar on Tuesday, after Federal Reserve Chair Jerome Powell poured cold water on bets of more big interest rate cuts. At 1531 GMT, the rand traded at 17.4050 against the dollar, 0.8% softer than its previous close. Powell adopted a more hawkish tone in a speech at a conference on Monday, saying the U.S. central bank was likely to stick with 25 basis point interest rate cuts from now on, while U.S. data on Tuesday also showed a solid economy. Reports of an imminent missile attack by Iran on Israel also drove safe haven demand. The dollar index was last up 0.4% against a basket of currencies.

Locally, a purchasing managers' index survey showed South African manufacturing activity rose in September, thanks to improved demand and a boost in sentiment from an interest rate cut by the country's central bank. The rand is set to take cues from global drivers such as U.S. economic data releases this week, with slim pickings on the domestic front.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed little changed. South Africa's benchmark 2030 government bond was weaker, with the yield up 12 basis points to 8.965%.

Source: LSEG Thomson Reuters Refinitiv.

It is not length of life, but depth of life.

Ralph Waldo Emerson

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					02 October 2024	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	➡		8.40	0.000	8.40	8.20
6 months	➡		8.55	0.000	8.55	8.35
9 months	⬇		8.56	-0.008	8.57	8.37
12 months	⬇		8.44	-0.025	8.46	8.25
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⬆		8.07	0.090	7.98	8.10
GC25 (Coupon 8.50%, BMK R186)	⬆		8.06	0.090	7.97	8.09
GC26 (Coupon 8.50%, BMK R186)	⬆		8.13	0.090	8.04	8.17
GC27 (Coupon 8.00%, BMK R186)	⬆		8.43	0.090	8.34	8.47
GC28 (Coupon 8.50%, BMK R2030)	⬆		8.49	0.120	8.37	8.55
GC30 (Coupon 8.00%, BMK R2030)	⬆		8.71	0.120	8.59	8.77
GC32 (Coupon 9.00%, BMK R213)	⬆		9.24	0.105	9.14	9.32
GC35 (Coupon 9.50%, BMK R209)	⬆		9.99	0.165	9.82	10.06
GC37 (Coupon 9.50%, BMK R2037)	⬆		10.54	0.160	10.38	10.63
GC40 (Coupon 9.80%, BMK R214)	⬆		11.16	0.165	11.00	11.25
GC43 (Coupon 10.00%, BMK R2044)	⬆		11.31	0.160	11.15	11.41
GC45 (Coupon 9.85%, BMK R2044)	⬆		11.66	0.160	11.50	11.76
GC48 (Coupon 10.00%, BMK R2048)	⬆		11.57	0.155	11.41	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⬆		11.62	0.155	11.46	11.71
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	➡		3.10	0.000	3.10	3.75
GI27 (Coupon 4.00%, BMK NCPI)	➡		4.60	0.000	4.60	4.57
GI29 (Coupon 4.50%, BMK NCPI)	➡		4.97	0.000	4.97	4.82
GI33 (Coupon 4.50%, BMK NCPI)	➡		5.62	0.000	5.62	5.42
GI36 (Coupon 4.80%, BMK NCPI)	➡		6.07	0.000	6.07	5.78
Commodities			Last close	Change	Prev close	Current Spot
Gold	⬆		2,663	1.08%	2,634	2,650
Platinum	⬆		986	1.01%	976	990
Brent Crude	⬆		73.6	2.49%	71.8	74.7
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇		1,887	-0.61%	1,898	1,887
JSE All Share	⬆		86,619	0.08%	86,548	86,619
SP500	⬇		5,709	-0.93%	5,762	5,709
FTSE 100	⬆		8,277	0.48%	8,237	8,277
Hangseng	➡		21,134	0.00%	21,134	22,338
DAX	⬇		19,213	-0.58%	19,325	19,213
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	⬇		21,019	-1.01%	21,234	21,019
Resources	⬆		59,311	2.53%	57,845	59,311
Industrials	⬇		119,690	-0.10%	119,805	119,690
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆		17.41	0.76%	17.27	17.36
N\$/Pound	⬆		23.12	0.12%	23.10	23.05
N\$/Euro	⬆		19.27	0.17%	19.23	19.21
US dollar/ Euro	⬇		1.107	-0.60%	1.113	1.107
			Namibia		RSA	
Interest Rates & Inflation			Sep 24	Aug 24	Sep 24	Aug 24
Central Bank Rate	⬇		7.50	7.75	8.00	8.25
Prime Rate	⬇		11.25	11.50	11.50	11.75
			Aug 24	Jul 24	Aug 24	Jul 24
Inflation	⬇		4.4	4.6	4.4	4.6

Notes to the table:

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing
- NSX is the Overall Index, including dual listeds

Source: Thomson Reuters Refinitiv

Important note: This is not a solicitation to trade and CAM will not necessarily trade at the yields and/or prices quoted above. The information is sourced from the data vendor as indicated. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.



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